

COMMITTEE ON COMMUNITY IMPROVEMENT

February 13, 2001

5:00 PM

Chairman O'Neil called the meeting to order.

The Clerk called the roll.

Present: Aldermen O'Neil, Clancy, Lopez

Absent: Aldermen Wihby, Cashin

Messrs: K. Clougherty, R. Tutora, R. Manley, R. MacKenzie, T. Bowen,
R. Ludwig, S. Maranto, M. Slagle, R. Johnson, T. Clougherty,
Chief Driscoll

Chairman O'Neil addressed Item 3 of the agenda:

Review of the status of bonding capacity with staff and consultants.

Chairman O'Neil stated, Kevin, I think what we hope to accomplish as you are aware there has been a lot of discussion as to why are we at the numbers we are at with regards to bonding capacity with the needs that we have out there and hopefully tonight we can answer some of those questions.

Mr. Clougherty stated on my right is Richard Tutora with Evans and Dodge. He is our financial advisor. Sitting right behind me to the left is Rick Manley who is our Bond Council. Rich is the one that is primarily engaged in helping us to set the amounts of affordability for debt and make sure that from the credit rating perspective we are on track. We have a few slides here to show you that should give you an idea of where we are and what drives our decision making. If it is all right we will proceed. This first slide gives you some idea of where we are with respect to debt. The blue as you can see is the general government...that is tax afforded debt. The yellow is the fiscal year conversion dollars and you can see that in a matter of time that goes away and then total projected, what we have done there is last year we gave the Mayor a projection in terms of the preparation of the budget and what we thought we could handle in terms of an amount of debt to be issued over a five or six year period and this screen lays out all of those bond issues to give you some idea as to what happens there. If you take a look at and as

we are going forward what we are going to try and do is...the goal of the long-term plan here is to try and get these levels to straighten out. We have been working for a number of years, as you know, probably for 10 years to structure our debt so that at some point in time in the future we can get out of having to borrow for short-term purposes and be able to use cash to pay for things like vehicles because it is so much more expensive to do bonding. As we are going through this, you will see how in a few years we are in a position for the first time in forever in the City's history to be able to take advantage of something like that and we think that is the result of some of what we have been doing for the last number of years. Back in the 1970's the City adopted a series of guidelines with the recommendation of Bond Council to serve as a basis for what is prudent issuance of debt and one of the guidelines is you should be limiting 15% to 17% of your gross revenues with an upper limit of 20%. You can see that we are well within that which again the absolute is up here so there is some cushion and from a credit rating standpoint we are within reasonable range.

Chairman O'Neil asked you don't have handouts on this do you.

Mr. Clougherty answered we can get some for you if you want. What we are looking at here is your annual long-term debt versus your revenues. What we are trying to do is get to a point where with issuances you are always going to be at or around this line so there is a cushion in there that helps you to meet what is considered a...if we were up around here then your credit rating would not be as strong as it is and it would result in some additional costs.

Chairman O'Neil asked, Kevin, with the needs that we have right now if I am looking at that chart right we could be up between 12% and 17% of our gross revenues and maintain our current bond rating.

Mr. Clougherty answered when these guidelines were adopted, they were adopted in the early 1970's and since that time the criteria that we use, which is still a good guide, it is one of several but you still have to take a look at some other critical ones that the rating agencies look at that they feel are more important in terms of like per capita stuff so even if you were to go up here, it may look like you can do it for this one measure but you have to look at what that impact would have on all of your measures plus the rating agency measures.

Chairman O'Neil stated what I see is we have a couple of two or three years of crunch here and then great opportunities when we come off but are we squeezing ourselves too tight these next two or three years and is there some room to increase our bonding capacity in the next two or three years.

Mr. Clougherty replied the next couple of years are where we are going to need to exercise some discipline. Now there may be some flexibility to vary slightly, but you have to understand that every time you deviate from that...we said \$20 million for two years and you used \$13 million last year so you have \$7 million left. If you want to go up to \$10 million then the difference comes out of next year's allocation. So, you are constantly taking a look and adjusting this as you go forward. Now, maybe what we could do is get through this series of slides.

Alderman Gatsas asked what is the gross revenue figure that you are using.

Mr. Clougherty answered I am not sure. If we could just get through all of the slides then you can see how it all relates. The next one is we try to keep direct debt as a percent of the budget at 8% to 10% and you can see that that would be in this range and going forward again you have some capacity as we move out. In the past it has been a little bit higher, but now in this area we are going to see a drop and the key is going to be to try and schedule things over the next three years and take advantage of something going forward.

Alderman Clancy asked why does it drop so much in 2002.

Mr. Sherman answered 2000 is when you have your...

Mr. Clougherty interjected are you talking about this area in here.

Alderman Clancy replied yes.

Mr. Sherman stated because we didn't issue any debt in 2001 so because we are not issuing any debt we are not bringing any more so the drop there is due mainly to the fact that you paid off some debt. The big drop between 1999 to 2000 is because you have your school adequacy grant and your budgets went up. So it is not necessarily that your debt service changed, but because your budgets went up, your percentage went down.

Mr. Clougherty stated the next guideline is you should not exceed 12% of assessed valuation. In each one of these again we have incorporated several bond issues that were included in the proposal for the plan to the Mayor. Net bonded debt versus assessed valuation. You can see that the guideline that was adopted several years ago was it could not exceed 9% to 10%. Their goal was 6% to 7% of assessed value. The rating agencies for a median rating says it should be more than 3% and you can see that we are in this case trying to adhere to the rating agency guideline, which is one of their priorities.

Mr. Tutora stated as with some of these other medians, we get these primarily from Standard & Poors and Moody's, two rating agencies that carry a rating on the City and the reason why you see, in this case, the rating agency median at 3%...the standard for AA credit, which is what the City's credit rating has been for a number of years, the standards are much more stringent. Accordingly, one of our goals has always been to do what we can on the debt component of your rating to make sure that we certainly don't give any rise to the rating agencies to think that in the debt area, one of the four major components of your rating, the City is overburdened and if we keep within this guidelines we certainly will not be.

Mr. Clougherty stated one of the guidelines that for years the City has followed is your debt service payment shouldn't exceed a certain amount on your tax rate. It used to be \$12 and then when it was adjusted it came down to \$3. You can see that this is \$3 on the tax rate and this is over. What we need to explain is when the original guideline of \$12 on the tax rate was set, it was just set on your long-term debt. It didn't include your TANS or your tax anticipation borrowing. So it was kind of like you had the mortgage as part of the guidelines, but you didn't have the credit card. These lines here are the fiscal year conversion so when Moodys and other places look at our guides they say well okay this is fine but this is your operating borrowing. I think that you will see that as you get out in time that drops significantly and that is what is going to give you some capacity in your budget and that is where we will be able to make some decisions about using these dollars for operating and short-term types of things like vehicles rather than bonding them, which is more expensive.

Chairman O'Neil asked when the debt on the fiscal year conversion is paid off in 2005, is that correct.

Mr. Clougherty answered yes. I think there is another payment in 2006, but the big dip is here.

Chairman O'Neil asked why are we still above the \$3 line.

Mr. Clougherty answered it is really in here where it goes away. If you take a look at that first one, it shows that it is 2006 where it really drops down.

Chairman O'Neil replied I understand that, but you are showing 2006 to 2010 and we are still above the \$3.

Mr. Clougherty responded right. There are years when it goes up and the purpose of this guideline is that you can exceed it, but then it brings you back down. The things affecting this line to are valuation and the size of your appropriation. We are holding that constant, but out in time you may get some more...this line in

terms of these would lower based on valuation. This is one of the agencies primary concerns is your bonded debt per capita. You can see that what they consider as low to moderate is in the \$1,000 to \$1,100 area. Again, the plan that we have put forward keeps us in there realizing that in previous years we have been over.

Chairman O'Neil asked in those years when we were over affect our bond rating.

Mr. Tutora answered they did not.

Mr. Clougherty added mainly because of the long-term plan and the fiscal year conversion because included here is the fiscal year conversion debt as well and they understand that that is part of that fiscal year conversion and that will go away.

Alderman Lopez stated you said that this happened in 1970 as a plan, when did we ever look at changing the plan to meet the times if you understand my question.

Mr. Clougherty replied we look at it every year and we go over it with the Committee and with the CIP director and with Bond Council and our financial advisors. These guidelines have been good over the years. They have helped the City to exercise some discipline in issuing debt and that has resulted in us having a good credit rating. We don't see, necessarily, the need to deviate from those as much as to take them and put in the per capita debt guides like here. This is a current rating agency measure. We have incorporated both as we have gone along.

Alderman Lopez stated I am having a hard time understanding the relationship...let's just give you an example. If you needed \$50 million in 1970 for the Community Improvement Program and all we do and I know because I spent time on the parks, we keep pushing back and now we need \$154 million not counting the schools. I just can't relate why we wouldn't go up and maybe do a new plan.

Mr. Clougherty responded each year the plan is new in the sense that it projects forward for five or six years so it is constantly updated within the current guidelines which remain constant because those guidelines haven't changed in some times. As those guidelines from Moodys and S&P change, we incorporate those into the plan. This slide says that you should retire 8% to 10% of your outstanding gross debt so being above the line in this case is healthy. By retiring debt at a rate that...again this is the guideline that was presented back in 1970. What the credit rating agencies want to see is up around this area, around the 14%. Again, we are higher than the standard and in this case that is a good thing and that

is why it has helped us to keep the rating as strong as it is. This is the final slide and it shows again the bond guideline...the annual increase in debt service payments and what that tries to do is make sure that you are not setting up future generations for a fall and it limits the amount of debt that you can go out with in any one year so somebody is not going to go out and issue \$100 million in debt and drive things up. It is staggered over time. The result is...as you can see our goal in the future is to try and keep this so that it is a reasonable number and a predictable number for budgetary purposes. I will let Richard talk a little bit about the capacity and the numbers that we have.

Mr. Tutora stated if I could step back and put things in perspective a little bit because it might be helpful, there are four components. When the credit rating agencies look at your ability to pay and your willingness to pay, they look at four components. They look at your debt, which is what we are talking about today. They look at your finances and that is budget to actual performance, what happens with your tax increases annually, etc. They look at your management team that is in place to execute your financial plan and they look at the economy. So, maybe three of the four major factors the City can control. Certainly your management team, your finances and your debt and accordingly one of the things that has served the City well for as long as I have been working with the City in the last seven or eight years is the fact that you had these guidelines in place and that every year you reviewed them and tried to stay in line with the guidelines as best you could keeping in mind that on occasion you are going to go up because there is an immediate need and in other years you are going to go down because you are accelerating payment of debt, etc. What we have looked at over each of the last several years is how much additional debt could the City comfortably issue and stay within the guidelines for AA credit. The reason why the AA credit is so valuable...the City with AA credit rating is rated far superior to most jurisdictions in New England. The average rating might be an A2 credit rating, while Manchester is at an AA2 credit. So you are two steps ahead of the average rating for jurisdictions in New England. What that means to you is when you go into the credit markets to issue debt there is a great appetite for your debt without your having to go out and pay for municipal bond insurance, which would then bring the credit rating on that particular issue up to AAA. If the City currently has \$127 million outstanding in debt, if you had to issue insurance for all of that debt that is currently outstanding, that would cost you in excess of \$300,000 a year just to pay the insurance premiums. There is an immediate benefit to maintaining the AA credit rating. So, when we put together our forecasting with the City and when we review what your future debt program is, we factor that in. What is the benefit of maintaining the AA credit rating? We know that the City already has authorized projects for \$13,355,000 so part of the plan for the current calendar year is to issue debt to fund those projects which have already been authorized. We also think that...

Chairman O'Neil interjected do you have the breakdown.

Mr. Tutora answered I do.

Chairman O'Neil asked is that for FY2002.

Mr. Tutora answered that is debt that has already been authorized, which I expect we will fund in the second quarter of this year. It is debt that perhaps we will issue in July of 2001, which will impact on the 2001 and 2002 fiscal year. Joanne is handing out all of the component projects that make up that \$13.355 million. Another project that you are scheduled to fund sometime this year, perhaps early in 2002, which would be in the 2001/2002 fiscal year is the landfill project, which is estimated to be about \$12.1 million. Right now, the City envisions funding \$13.355 million in authorized projects, plus an additional \$12.1 million through the State revolving fund. Those numbers are pretty much a given. We anticipate that additionally you could issue \$7 million in additional debt for general City purposes as well this year.

Chairman O'Neil asked him to repeat that.

Mr. Tutora answered \$7 million in additional debt this year.

Chairman O'Neil stated let's be specific. We are in FY2001. Are you talking fiscal years or calendar years?

Mr. Tutora replied actually we envision that the debt issuance would probably take place in July of this year so it would be in the FY2002 to fund those projects that have already been authorized.

Mr. Clougherty stated what we are saying, Alderman, is that in addition to this \$13 million sheet and the \$12 million that we are going to do for the landfill, you could authorize \$7 million in new programs.

Chairman O'Neil asked are you including in here the McLaughlin School.

Mr. Clougherty answered everything on this list is included as far as the \$13 million.

Chairman O'Neil asked is the \$4.3 million on the sheet for the McLaughlin School.

Mr. Clougherty answered yes.

Chairman O'Neil stated we gave Parks & Recreation money to go out early. Ron and Ron were able to take advantage of some lights that were bought for another facility as well as some grandstands. Do either of you guys remember that amount?

Mr. MacKenzie replied that was \$260,000.

Chairman O'Neil asked the whole thing. No, it was more than that.

Mr. MacKenzie answered that was the additional amount to get the savings. There were potential savings there and the Board...

Chairman O'Neil interjected we committed money for next year to do it. What was that amount?

Mr. MacKenzie stated \$265,000.

Chairman O'Neil asked that is all we committed was \$265,000. The lights and the bleachers...all it cost us was \$265,000? What are we committed to, bonding capacity, for FY2002 with regards to West Memorial Field?

Mr. Ludwig answered \$665,000.

Chairman O'Neil asked so the \$665,000 has to come off that \$7 million.

Mr. Clougherty answered yes and the way that works is even though you approved it as part of CIP, we only include them on our list when we get a bond resolution adopted by the Board.

Chairman O'Neil asked, Kevin, can you just touch base on...okay so McLaughlin is part of that. Bob, have we committed anything else for next year?

Mr. MacKenzie answered I don't believe that McLaughlin is on this list.

Chairman O'Neil asked what is the \$4.3 million down at the bottom.

Mr. MacKenzie answered that was for various other school improvements.

Chairman O'Neil asked so we have to take \$4.5 million off of that \$7 million.

Mr. MacKenzie answered yes.

Chairman O'Neil asked, Tim, is that the amount. \$4.5 million?

Mr. Clougherty answered we have already been authorized for \$726,000. We are asking for an additional \$3,708,705.

Mr. MacKenzie asked, Tim, setting aside the McLaughlin School addition how much do we have in the SCIP for this fiscal year.

Mr. Clougherty answered I don't have that figure.

Mr. MacKenzie stated it was on the order of something over \$4 million as I remember. I think that is what this number on this particular chart is. It is all of the other school projects from Central High heating and ventilation, West High, and a lot of other school projects.

Chairman O'Neil asked does the McLaughlin amount have to be backed off that 47 million.

Mr. MacKenzie answered I believe it does, yes.

Chairman O'Neil stated the number, if I recall, is about \$4.5 million.

Mr. MacKenzie replied yes.

Chairman O'Neil stated so we don't really have \$7 million in bonding capacity.

Alderman Clancy asked how about the new fire station on Island Pond Road.

Chairman O'Neil answered that is supposed to be \$2.5 million.

Alderman Clancy asked where does that come from.

Mr. Clougherty answered again, Alderman, that would have to be in the same amount.

Alderman Lopez stated we need more money Mr. Bond Man.

Chairman O'Neil stated, Rich, that is the problem. I think we all recognize that we have some opportunities in 2005 and 2006, but we have some real serious needs right now and the City is going to miss some golden opportunities. We have no choice but to move forward on the Granite Street Bridge project and the cheap end has been this current fiscal year and next fiscal year. The three years following that are when we have to pay for construction of it. Our fleet is falling apart

citywide. We need some help here and what I am seeing is for us holding AA2 is it working for us? I really question that it is. It is great to have an AA2 bond rating but if we can't use it for anything it doesn't do us any good.

Mr. Clougherty replied rather than focusing on one year, I think you have to look at the longer multi-year program. There are \$37 million that we talked about that is available over the next several years and it is a matter of planning these things out. It may be \$4.5 million for McLaughlin, but how much of that is cash that we are going to have to have available during the construction season and it becomes scheduling types of things for cash flow that we need to get sorted out. You may have capacity for these things, but if you try to lump them all in one year...

Chairman O'Neil interjected that is what we are trying to figure out. Do we have capacity to spend more than \$1 million on our fleet? Do we have capacity to do additional school projects? Do we have capacity to do the Granite Street Bridge? Do we have capacity to build a senior center or whatever it may be?

Mr. Tutora replied let me talk about what we envisioned. The immediate new money is \$7 million, which we envisioned that you would have in hand the first week in July of 2001 so that impacts on your 2001/2002 budget. One year later, in July of 2002...

Chairman O'Neil interjected let's be clear. We have committed \$5.1 million of that already.

Mr. Tutora replied I am aware of that.

Mr. Clougherty stated but you may not need all of that in that timeframe. You may be able to spread it out. That is just the natural flow of the construction season and design and how that works. You may have it committed because you want to have the whole project done, but it may be that as a practical matter you don't need to expend that money.

Chairman O'Neil responded the McLaughlin addition, with the exception of a couple of months toward the tail end of it is going to be expended in FY2002. Mr. Timothy Clougherty am I correct? That fiscal years end June 30 and two months later they are moving into that building. It will be done.

Alderman Lopez stated we had \$7,000 up to July 2001 and we are going to the 2002 budget and how many millions do we have.

Mr. Tutora replied in FY2002 we think we can deliver about \$17 million in additional new money.

Alderman Lopez stated so we have \$24 million really.

Mr. Tutora replied that is over a two-year period. \$7 million and then \$17 million additionally to fund two years worth of projects and then we would envision that no sooner than one year later and the City typically hadn't been issuing debt every year. The City has been staggering their debt issuances for 18 to 24 months, but they could be accelerated somewhat. Within the five-year plan, the last issue of debt would be a \$12 million issue. So, in new money in addition to the \$13.3 that you have already authorized and the \$12.1 million for the landfill, we envision \$7 million this July, an additional \$17 million perhaps as early as July 2002 and then with the final bond issue being an additional \$12 million to come the following year...probably in the back half of the following year.

Chairman O'Neil stated can you put this in perspective. You are talking different years than we are. We are currently in FY2001. If I understood you right, our capacity in FY2002, July 1, is \$7 million. Then if you go the following year, FY2003, \$17 million and then in FY2004, \$12 million?

Mr. Tutora replied correct. It could be accelerated to be that early.

Alderman Lopez stated the \$17 million, are you saying that we would not be able to spend that money in 2002.

Mr. Tutora replied you could have the \$17 million as early as July 2002 but then that would fund you for two years of capital financing. But you would have that money as early as July 2002 to be spent as early as you need to with the proceeds...

Chairman O'Neil interjected but that is FY2003 for us.

Mr. Tutora replied correct.

Alderman Gatsas stated back to the revenues, 15%-17% of the bond guideline. Do we have that number yet?

Mr. Sherman replied for FY2001 we have that projected at \$178 million and then going forward we just escalate it at about 3% a year.

Alderman Gatsas asked so 15%-17% is a much different number than what we are talking about isn't it.

Mr. Sherman answered 15% to 17% of that \$178 million.

Alderman Gatsas stated 20% is somewhere around \$36 million. So, if we take 5% of that off we are going to be somewhere in the vicinity of \$27 million?

Mr. Sherman replied what that first graph...

Alderman Gatsas interjected let me ask that question in a different way. Obviously all of the numbers that you showed us were below capacity. To not affect the AA rating and to take those ceilings to maximum capacity, what would that allow us to bond? Everything that you showed me in those graphs we were below what the maximums were.

Mr. Sherman stated I think that the problem we have is that you have a series of criteria that you are trying to stay under and while you may be under on the first one, when you get to the second one where we are trying to stay within 8% to 10% of the budget, we are bouncing off that one already.

Alderman Gatsas asked the revenue guidelines that you have, does that include revenue from the School District.

Mr. Sherman answered yes. It is \$178 million but what that first one is, the 15% to 17% includes all of your debt that is general obligation debt. So, the first one includes EPD and Water debt that is general obligation. It doesn't include Airport, because that is revenue but that one includes EPD and Water.

Alderman Gatsas asked do the revenue numbers or the guidelines of 15% to 17%, does that include revenue from EPD and Water.

Mr. Sherman answered no it doesn't.

Alderman Gatsas asked if we include debt, why don't we include revenue.

Mr. Sherman answered because what they are looking at is your...that debt is backed by the taxing authority of the City so they are looking at just the general governing of the City and if you had a problem at EPD or you had a problem at Water, what would the City's capacity be to make those debt payments. That is what they are looking at. That the City hasn't overextended itself to be able to support its Enterprise funds. I think the one that is more important than that, though, is the one that is 8% to 10%. Then they are looking at just the general fund debt. They are looking at just the school and highway debt and comparing that against the City as well, but if you think about it one is the revenue and one is the budget. Within theoretical reason, they should almost be at the same numbers. One is 15%-17% and the other one is 8% to 10%. That is because they are giving

you that 7% cap there to handle your Enterprise funds. Even though it is general obligation debt, they realize that it is set aside but they want to make sure that you still have that capacity.

Alderman Gatsas asked does the debt exceed the 5% by the numbers they actually borrow. The 7% rather. The 7% window that you say they use?

Mr. Sherman answered does EPD and Water exceed that 7%, no.

Alderman Gatsas asked how much less is it.

Mr. Sherman answered if you look at the 8% to 10%, the direct debt is 8% in year 2000 of the budget and if you go to 2000 on the 15% to 17% graph, it is just over 12%. Again, if the revenues in the budget are fairly close to each other, which they are, then you can assume that EPD and Water really only account for about 4% of this first graph.

Alderman Gatsas stated so what you are saying is the first graph cannot exceed...let's assume it went to 15% or let's say 17% because that is a 5% number. How would that affect the bottom one? Would it affect the bottom one? Would we be above those guidelines?

Mr. Sherman replied the problem is if you add 5% to the City side, you are going to bump up on that first graph. You are going to still be up at that 15%, but when you go to the next graph you are going to be well above what they are looking at just for the City side.

Alderman Gatsas stated we are at 8%. Does it go to 10%? What is the bump? My question is if we moved them up, the parameters up to the upper levels, obviously we are at 8% now and if we moved it to the 9.5% level what additional bonding capacity...

Mr. Sherman interjected even if you go with the 8% to 10% graph and you add on let's say \$4 million more debt gets you from 8% up to 10%, you are going up to the top. What happens then is that you go to the next graph or let's skip over two graphs to that 3% of assessed valuation. If you have added \$4 million more of debt service on it now you are over this 3% mark.

Alderman Gatsas stated well that may not necessarily be true this year.

Mr. Sherman replied no you are right. If you get some new valuation, it may bring you back down.

Chairman O'Neil stated can we just let everyone ask their questions and then what maybe needs to happen is a couple of things. First, can we get these graphs each on one page so they are easier to read and get them out to the entire Board as well as the Mayor? What we may ask is that Rich and Rick be available and I will discuss with the Mayor and Alderman Cashin whether or not we do this presentation to the full Board of back to the CIP Committee. Again, everybody will have a chance to ask their questions but I think what I believe my colleagues are looking for and that includes myself, we think there is some room for capacity here to do some things and not...we have committed better than 1/3 of our capacity for next year based on our current guidelines going into the budget season. That is not great with the needs...we should be doing approximately \$3 million a year in bonding for fire apparatus and equipment for Parks & Recreation and Highway and we are doing about \$1 million a year. That puts us on about a 30-year replacement for all of this stuff. We could end up spending the night here probably on this but let me go around and give everyone a chance to ask a question.

Alderman Levasseur asked are we by any chance close to getting an AAA rating.

Mr. Clougherty replied I will let Rich answer that, but I don't think Manchester will get to an AAA. We are just not that wealthy.

Mr. Tutora stated that is one of the real big components. The two things that are holding you back would probably be the assessed value of all real property subject to taxation and then individual wealth levels.

Alderman Levasseur asked if we were would we be able to bond more. Would our capacity be higher and our insurance lower?

Mr. Tutora answered not necessarily. At a AA credit, anything AA and above you are not going to need to go out and pay for insurance so that wouldn't really factor in, but your interest rate would probably be a bit lower.

Mr. Clougherty stated there are a couple of things here, a couple of factors that we have to watch. This year is particularly important. What drives all of these numbers in all of these tables are really a couple of things. One is your valuation. Now we have based all of our projections on the current valuation because we don't know for certain what the valuation is going to come in at. You may find, during the middle of...once we get to November we know what that number is we will go back and redo all of these tables and you may have some capacity at which time you can amend the CIP and do some things at that point. You can always authorize bond issues during the year. You are not restricted just by the CIP process. The other thing that is really important that has an effect on these that the

rating agencies watch is your per capita information. Now we should be getting our census information, again, we hope sometime in the fall and what that is going to tell us is what our population is, what our demographics are in terms of individual wealth and that gets factored into these and the combination of those two things if they go your way could give you some additional capacity. Our recommendation to you is wait until you have those numbers. Don't try to go out and guess and elevate things. Give yourself six months or so and see what the actual numbers are because then if there is a change you can change them at that point. The other thing that is important to remember that affects these numbers almost as much as those do is the life of some of the projects. The reason that you don't have as much capacity here as we would all like is because there is a lot of short-term borrowing and if we could eventually get to that point that we talked about earlier, Alderman, where we can take that money and use that to pay cash for our vehicles and some of those other things instead of bonding, that is going to help the future and that is what we are looking to. We don't want to mortgage the future. We want to make sure that we are abiding by these things so that we get to a point where we can make some fundamental changes.

Chairman O'Neil replied I think we recognize that. These next four years are critical. In my opinion, the City is moving in a positive direction. We have some great opportunities before us and we need to take advantage of those.

Alderman Levasseur stated if I read you correctly, Kevin, if we had higher revenues or we could just get to a point where we had an extra \$1 million or \$2 million in revenue you could pay off some of this short term debt and it would expand our bonding capacity right away.

Mr. Clougherty responded what we would recommend is when your fiscal year change comes about, instead of taking that cash and using it for salaries or using it for operating expenses, take it and dedicate it to capital for vehicles and those short term things. Put it in a capital reserve fund. Those are the things that are going to get you some real value, not only in terms of your rating, but long term generational changes.

Chairman O'Neil asked define short term.

Mr. Clougherty answered in our case we are seeing a lot of five and ten year debt and that does have a big impact.

Chairman O'Neil asked so that is a lot of our vehicles and stuff.

Mr. Clougherty answered right.

Mr. Tutora stated if I could quantify what that is worth to you, if you were to pay as you go \$5 million say starting in 2006 after the fiscal year conversion bonds roll off, if you have \$5 million now available for pay as you go projects, you will save in terms of interest expense...if you bonded \$5 million you end up paying about \$3 million over 20 years on a \$5 million borrowing so if going forward from 2006 on, rather than issue \$5 million in debt each year to fund capital projects, you pay it with cash. You are saving about \$3 million in future interest costs every time you do that. That is extraordinarily significant. That is the kind of thing that would move you, in terms of debt capacity, towards an AAA rating.

Alderman Gatsas responded but I think that goes back to the question I had about resurfacing versus restructure of a road. I think, Kevin, you told me that if the life expectancy of the road was...I don't think we are doing roads every 15 years are we?

Mr. Clougherty answered no.

Alderman Gatsas asked so why wouldn't that be a long term debt and not short term. Why is the resurfacing short term that we look at and restructuring is long term?

Mr. Clougherty answered because in the restructuring you are going down to the gray. My understanding is that is a long-term improvement as opposed to the resurfacing, which is just maintenance.

Alderman Gatsas asked if the terminology is such that one may say lasts for 30 years and one lasts for 10 years, but we aren't resurfacing roads every 10 years, what is the difference.

Mr. Clougherty stated if I understand your question, Alderman, what we are saying is the long term, the difference is the life expectancy in terms of how the market looks at that. We may not have the best record of going back and doing resurfacing on a regular program, but when the market looks at these and maybe Richard could speak to this to, they look at resurfacing as something that has a life expectancy or short life. They see that as a maintenance type of thing as opposed to a bondable item, which is a longer life where you are actually going in and scraping down and restructuring the road.

Mr. Tutora replied it is not the market that makes that determination. The Legislature puts useful lives on different types of projects and resurfacing has a much shorter useful life.

Alderman Gatsas asked when you say Legislature, what Legislature.

Mr. Tutora answered State Legislature defines what the useful life is for a particular capital project. They tell you how long you can issue debt for a particular type of project and that is codified in the laws of New Hampshire.

Chairman O'Neil asked is there an RSA that we can look at on this.

Alderman Gatsas stated obviously if somebody said that we resurface every five years a road, then I would say that is a short-term debt but if we aren't doing the same road for 30 years...

Mr. Manley interjected I don't mean to get in the way of what Richard just said, but in fact the useful life of a project is something under RSA 33:2 that gets set by the Aldermen at the time the loan is approved. There is discretion within that and it says so here. I think it is a maximum of 30 years, but it really depends on the determination of useful life that has traditionally been made in each of the loan orders that has been approved by the Aldermen.

Chairman O'Neil asked that is an ordinance.

Mr. Manley answered that is actually an RSA 33:2.

Alderman Gatsas stated we can change that here and say that resurfacing is no different than restructuring.

Mr. Manley stated I think that from one jurisdiction to another there are distinctions made with respect to that in many cases, but that is something that is really up to the Aldermen.

Chairman O'Neil asked would it be possible to get some samples of what some other communities in New Hampshire are doing.

Mr. Manley answered I don't know precisely where we could get that, but I know that the folks up at the NH Bond Bank probably have some information that we could look at.

Chairman O'Neil asked can somebody get that to us.

Mr. Manley answered I would be happy to do that.

Mr. Clougherty stated I am now on the board up there so I can get that.

Mr. MacKenzie stated I know you have been beating up on road resurfacing. That is a program that we have been able to switch from bonding to cash over the last several years. We have been able to take that from a relatively expensive bond proposition. That has been funded through cash over the last, I think, three years. It is not a bonded project. Street reconstruction is a bonded project for the City, but that has a much longer life.

Alderman Gatsas asked if we are not doing streets every five years, why wouldn't we want to take the resurfacing out and bond it over a long period of time and use that cash to buy a firetruck.

Mr. MacKenzie answered the attempt has been, I know the Finance Department has been trying to reduce the life of the various bond projects. You will notice if you look on the table that you will see some projects that on first glance appear to be relatively long value duration projects – City space improvements or bridge rehabilitation. A bridge rehabilitation should last 15 to 20 years at least. It is given a bond life here of 10 years. We have been fairly aggressive...the City has been very aggressive on assigning bond years to these projects in order to pay off the debt fairly quickly. So, a lot of these improvements...the amount of debt on this particular page here that you were given, those really short duration items like motorized equipment, is a fairly modest amount of the total overall bonded amount.

Mr. Clougherty stated one of the other things on that too, Mr. Chairman, is what you can do and what is allowable under the statute and what the markets are going to look at. Credit analysts will look at these charts that we presented to you today and say in a relatively short time, a few years, you are going to have capacity here that could be dedicated to short term types of programs like vehicles, like resurfacing so why would you deviate at this point from your plan because you have been working to get to that point so you will have capacity to do the long term types of projects. We will be happy to look at that.

Alderman Clancy stated father time is catching up with us. Look at the City buildings. Look at the roads. We only put \$600,000 into resurfacing last year to my knowledge. We could have put easily \$1 million, right Bob? How much did we put into road resurfacing?

Mr. MacKenzie replied there were a couple of pots. I think \$600,000 came directly through the fee that is charged. There was also another couple of hundred thousand in the Highway Department budget so roughly \$800,000 or \$850,000.

Alderman Clancy responded well we could have easily put another \$200,000. Some of the City buildings here are in bad disrepair and we don't have any money in here to do any improvements to any municipal buildings of any magnitude.

Mr. Clougherty stated again part of the situation we are in is in the late 80's there was a lot of debt issued for items and we exceeded some guidelines. Now we are working that through and we are trying to work it through in a way that is going to allow us to have some capacity so that you can make some fundamental shifts between what you traditionally had to deal with for long term and short term debt. That is a fundamental shift that this City has never been in a position to deal with, but will be in the next few years. I understand the next two are difficult.

Chairman O'Neil asked, Kevin, if I look at these charts it looks like we can get, in my opinion, a little bit more aggressive and still stay within the guidelines. Is that a true statement?

Mr. Clougherty answered I would defer to Richard who has been dealing with these people right along.

Mr. Tutora stated we put together this plan to preserve the AA rating and that is always the way we look at it. If you say we would like to be more aggressive and perhaps take a risk on the credit side...

Chairman O'Neil interjected on the third one, direct debt as a percent of budget, it looks if I am reading this right in 2002 that we are somewhere around 7%, but yet the guideline says the goal is to be around 8% and 10%. I think that is where Alderman Gatsas was going. It appears that we can push some of these.

Mr. Tutora replied you can but the credit rating agencies don't look at any one. They look at all of them together and they look at a couple of key ratios and our game plan again has always been what is a comfortable level of debt for a AA credit so the plan has factored that in and that is what we have moved towards.

Chairman O'Neil asked are you saying then that these guidelines are not a true reflection of Manchester then.

Mr. Tutora answered no. They certainly are. I think a better question might be are the guidelines written in stone. Is there a little leeway on some of the guidelines where perhaps we could issue a bit more debt in some years knowing that you have this great relief coming four or five years down the road.

Chairman O'Neil stated that is the question of the day, Rich.

Mr. Tutora replied what we need to do...one of the things that affects your ability to issue debt, one of the primary things is interest rates. Interest rates are very low now. Had we been doing this six months ago, we wouldn't have been able to issue \$7 million in new debt this year and \$17 million next year. If interest rates stay low and if your valuation numbers come in positively, if any of those factors go our way, there is probably more capacity here and we can go back and work with numbers tomorrow.

Chairman O'Neil stated but if I understand Kevin, if you are taking all of those things into effect, we are not going to know that until the fall.

Mr. Clougherty stated what we would like to do is go back and take a look at the plan that we have given you, which we think is a reasonable plan, take a look at the cash flows for some of these projects because we may be able to slide some things one year to the other to help us get out without really deviating from this plan much. We might be able to get much more done by being efficient with what we are asking for and then we could take a look in the fall when we get better numbers at adjusting. If the numbers go our way, then yes maybe you have a couple of things on reserve and you say okay these three projects are going to go if we get some more capacity and prioritize a couple of things that way.

Chairman O'Neil asked can you do that in a month.

Mr. Clougherty answered we can probably do it in a couple of weeks.

Chairman O'Neil stated why don't you work with Rich and Rick and see if there is a time when they can come back. We will probably invite the entire Board, as well as the Mayor and instead of tying up a Board night with this...I think this is a good, healthy discussion. I think we can take it to another level. Why don't you set up a date in three or four weeks that works for our two consultants and if we can get some stuff out to the Board ahead of time that would be good also.

Alderman Lopez replied I am okay with that. I just want to be very clear in my own mind and if I don't ask this question I will regret it afterwards. The bond resolution authorized, not issued, was for FY2001 and we were told last year that we would have about \$13 million a year for the next three years. Am I understanding that there is only \$7 million this year to play with for CIP?

Mr. Clougherty responded last year we told you that there was about \$20 million in capacity over a two-year period. You used \$13 million last year so you have a balance of \$7 million. You also have the \$12 million for the landfill that we talked about last year.

Alderman Lopez stated minus the landfill because Randy said that doesn't make any difference as far as the CIP is concerned. I am talking about...

Chairman O'Neil interjected capacity for the fiscal year 2002 CIP is what he is looking for.

Mr. Clougherty stated right now we are looking at the \$7 million.

Alderman Lopez asked \$7 million is all we can afford for FY2002. Is that what you are saying?

Mr. Clougherty answered that is what the plan is. Now we will go back and look at that.

Alderman Lopez stated last year we were told as a Board that it was going to be \$13.5 million, then \$14 million and then \$13 million for the next three years. Now we are saying we are going to go \$13.3 million for FY2001 and we only have \$7 million for FY2002?

Mr. Clougherty replied what we said, Alderman, is that you had \$20 million. You used \$13 million and you have \$7 million left. Then you have to look at next year. You may, because of the cash projects want to move some of the following years capacity into this year and deal with it that way, which might not be a bad approach because then you have these things that will be coming in the fall that we can make an adjustment on if necessary.

Alderman Clancy stated on the other side of the equation, seeing that the interest rates are so low, maybe we can borrow a little more money than we normally do.

Mr. Clougherty replied that is what we are factoring into these numbers.

Alderman Levasseur stated, Kevin, obviously I don't think you are going to recommend going below the AA2, but what happens...is it because we bond over capacity that our rating would drop lower. Do you know what Nashua's is?

Mr. Clougherty answered Nashua has been behind us. I don't know if they have had an upgrade or not but they weren't the same as Manchester for a number of years. If you look at all of the cities over 75,000 from New York up through Canada, there are only two cities that had an AA2 rating – Manchester and Portland.

Alderman Levasseur asked is it automatic if we bond over capacity that we would lose our rating.

Mr. Clougherty answered again when you are looking at capacity, it is not that if you have this number or this number or this number. They are looking at how are you managing your debt and what is your plan. If we have a good plan and we put in place, I think, a good plan that provides some capacity out there, we can maybe do some things. What they don't want to see you doing is going way off the path. They want to say yes, these guys have a commitment to make this conversion to a cash operation in the future and they are going to have some discipline in the next few years and the way they are going to do it is this, whether it is \$7 million this year or \$10 million and then \$8 million or whatever combination.

Alderman Levasseur asked do we go for a bond rating every year.

Mr. Clougherty answered every time we issue debt we go for a bond rating.

Mr. Tutora stated every time we go and make our rating agency presentation, we present the updated version of this plan, which has been in effect for several years so the concern would be if we vary significantly from it would it raise a red flag but issuing more debt in and of itself shouldn't cause you to lose your credit rating.

Chairman O'Neil stated why don't we end this discussion now and meet again in three or four weeks.

Chairman O'Neil addressed Item 4 of the agenda:

Bond Resolution:

"Authorizing Bonds, Notes or Lease Purchases in the amount of One Million Dollars (\$1,000,000) for the 2001 CIP Manchester Water Works, Distribution System General Improvements Project."

Alderman Lopez moved to approve the bond resolution. Alderman Clancy duly seconded the motion.

Alderman Clancy asked, Mr. Bowen, could you tell us in summary what you are going to do with that \$1 million.

Mr. Bowen answered the distribution improvements are the improvements associated with our summer time construction projects in the distribution area, which essentially are the pipe replacement jobs. It includes cleaning and lining and this year will include quite a bit of work associated with the mains in the area where the CSO work is going to be taking place over off of Kelley Street. We

have quite a few mains that have to be relaid. We are going to take advantage of the fact that the street is going to be all torn up. We also have some other miscellaneous projects that we are doing associated with complaint areas of the City where we may have a higher number than normal.

Alderman Clancy asked so essentially that is going to go for the Kelley Street reconstruction job.

Mr. Bowen answered that is the major area this year, yes.

Chairman O'Neil called for a vote on the motion. There being none opposed, the motion carried.

Chairman O'Neil addressed Item 5 of the agenda:

Resolutions:

"Amending the 2001 Community Improvement Program, authorizing and appropriating funds in the amount of Ninety Nine Thousand Eight Hundred Seventy Six Dollars (\$99,876) for the 2001 CIP #410901 - Juvenile Offender Locator Team (JOLT) Program."

On motion of Alderman Clancy, duly seconded by Alderman Lopez, it was voted to approve this Resolution.

"Amending the 2001 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Eighty Thousand Dollars (\$80,000) for the 2001 CIP 830001 ADA Access Improvements In City Buildings."

Alderman Clancy asked we are going to take \$80,000 out of CDBG right.

Mr. MacKenzie answered that is correct.

Alderman Clancy asked where are those monies intended for, the CDBG monies.

Mr. MacKenzie answered that was actually a fairly recent attainment of CDBG funds from the Manchester Housing and Redevelopment Authority, which occurred maybe last week. That is program income that we recently received back from MHRA. These are not being taken away. In this case it is not being taken away from any other project.

Alderman Clancy stated well it says here by decreasing CDBG program by \$80,000. I know that CDBG monies are intended for a certain area of the City and I didn't want to take any money from the inner City area. That was my contention.

Mr. MacKenzie replied correct. This is not coming from any center City project. This is program income that has to still follow the HUD guidelines for usage and we are facing some fairly serious ADA issues at West High School I believe that may have pending litigation issues that we believe should be addressed.

Alderman Clancy asked is that where this \$80,000 is targeted for West High School.

Mr. MacKenzie answered the bulk of it. Sam, do you know if there is any additional beyond that?

Mr. Maranto stated we may use some of that for...we have additional ADA requirements in other facilities and schools. We could possibly use it for signing at some of the municipal buildings as well. There is another request on the agenda...some of it may go towards Parker-Varney as well but the bulk of that \$80,000 will be going towards West High School.

Chairman O'Neil asked when you say bulk, what is that amount.

Mr. Maranto answered between \$50,000 to \$60,000.

Alderman Clancy asked out of all of the schools we have, how many are ADA compliant.

Ms. Slagle stated to answer your questions in terms of which schools...

Alderman Clancy interjected of all of the schools in the City of Manchester, how many are ADA compliant.

Ms. Slagle replied all are compliant to some degree, but not in full compliance. We still have Parker Varney Elementary School, which needs an elevator. There are some other issues in some of the schools that are not as extensive as the elevator construction project is but we are finding now that we have most of the buildings taken care of in terms of major construction costs that minor renovations and when I say minor I guess I am using the term loosely in that we from year to year are finding students coming in with various physical needs, which may require the renovation of a bathroom. So, on comparing a bathroom renovation to the installation of an elevator, it is a minor project but it still requires...

Chairman O'Neil interjected do we have 26 school buildings.

Mr. Tim Clougherty stated 22.

Chairman O'Neil asked of the 22, 21 are for the most part compliant.

Ms. Slagle answered 20. Bakersville is...

Chairman O'Neil interjected Bakersville has issues as well.

Ms. Slagle replied Bakersville has a lot of issues.

Alderman Clancy asked how about Beech Street School and Wilson.

Ms. Slagle answered Beech and Wilson are fairly...

Alderman Clancy interjected neither one have an elevator to my knowledge.

Ms. Slagle stated Beech Street does have an elevator. They both do. With the exception of Parker Varney and Bakersville, all of the schools have elevators. Bakersville is not scheduled at this point given the condition of the building and the age of the building, but Parker Varney is the last.

Chairman O'Neil replied and that is an item at the tail end of the agenda.

Alderman Clancy asked who determines the size of the elevator.

Ms. Slagle answered there are requirements under Federal regulations.

Alderman Clancy stated to my knowledge, some of the elevators in the school you can't put a gurney in.

Ms. Slagle replied that is correct. Some of the older elevators are smaller than the ADA standards required. Webster School is an example in point. My belief is that the schools that have the smaller, non-compliant elevators are in the elementary school and the students are younger and smaller obviously so the students have been able to work with that. It is not the best situation though, I agree.

Alderman Lopez stated this is a major problem within the City. I sit on the ADA Committee and we are asking for another \$500,000 or \$1 million who knows. I guess the question is if we don't comply with some of these, what is our liability?

Ms. Slagle replied it is a violation of Federal law. The City has an obligation under both the ADA and under other disability related laws, Section 504 of the Rehabilitation Act, to make our programs accessible and our facilities accessible for individuals with disabilities. We have been the brunt I guess of several Federal complaints in recent years. They have all been resolved. The City has taken a very aggressive stance, I think, in providing all of our programs and services and facilities as accessibly as we can get them. We have a schedule for renovations and we have been adhering to that schedule for the past several years, long before I got here and since I have been here. There are most definitely Federal standards that we need to comply with.

Mr. Maranto stated I might add also that that could potentially jeopardize our HUD funding as well.

On motion of Alderman Lopez, duly seconded by Alderman Clancy, it was voted to approve the Resolution.

Chairman O'Neil addressed Item 6 of the agenda:

2001 CIP Budget Authorizations:

410201	MHRA Public Housing Community Policing
410901	Juvenile Offender Locator Team (JOLT) Program
650701	Bond Building Renovation
830001	ADA Access Improvements in City Buildings

Chairman O'Neil stated on 650701, they are just setting up an account code and transferring responsibility to the Destination Manchester Coordinator and extending the completion date from June 30 to December 31, 2001.

On motion of Alderman Clancy, duly seconded by Alderman Lopez, it was voted that the CIP Budget Authorizations be approved.

Chairman O'Neil addressed Item 7 of the agenda:

Communication from the Deputy Director of Parks, Recreation and Cemetery Department seeking approval to submit two applications in partnership with the Manchester Conservation Commission for the NH Land and Community Heritage Investment Program.

Mr. Johnson stated the two projects we selected in the package that was sent out were two parcels of property on Second Street opposite Bass Island. There is one two acre parcel owned by Mr. McDowell and a smaller tract of about .3 acres that is owned by Mr. Netsch. These two parcels were identified through a program

that we work with Southern NH Planning on important properties and buildings that would be deemed eligible for this project.

Alderman Clancy stated I think that is a lot of money for that land over there, myself. \$218,000.

Mr. Johnson replied those are the assessed values from the City Assessor's Office. What we would have to do once the project is...the concept is approved we would have to get full appraisals done on those properties.

Alderman Clancy asked that \$218,000 is that for the old Caneer building over there.

Mr. Johnson answered no. It would be opposite. Opposite the Caneer property there are two parcels and that is the two-acre tract. The property that the wood operation is on is two acres and that is the one that is assessed at \$218,000. The Netsch property that has the blacksmith shop is assessed at the lower value. That is only .3 acres.

Alderman Lopez stated Jane Beaulieu's letter states that it may total up to \$100,000. Can they give a firm figure?

Mr. Johnson replied I think her letter that was passed out tonight indicates that this program will accept, as part of the match that the City would have to...it is a 50/50 matching program through the state. The state would provide 50% and the City would have to come up with 50%. 25% of that match can be what they determine as conservation easements that the City holds on properties and at this point there is a new program that the Conservation Commission has gotten into and that is why they have they estimate on that of \$100,000.

Alderman Lopez asked is there a rush on this.

Mr. Johnson answered they had a quick deadline. The program just started. In fact, yesterday was the deadline for the first grants and then there will be other grants this summer. I think a few other City agencies are interested in the program. I know that Bob MacKenzie at the Planning Department has indicated that they might submit an application for a project and possibly I think the Economic Development Office might look at it for purchasing of easements down along the riverfront.

Chairman O'Neil asked just to clear this up, you have submitted two or you will submit two.

Mr. Johnson answered we will submit. We are just looking for approval from this Committee.

Chairman O'Neil asked so you will be part of that summer program.

Mr. Johnson answered that is correct.

Chairman O'Neil asked so all four proposals will be submitted this summer.

Mr. MacKenzie stated there have been two that were submitted yesterday and those are for extensions of existing projects that our office submitted related to the Hackett Hill project, the Hackett Hill preserve and the Mayor's Office submitted for the Riverwalk bridge. This is an eligibility round where they determine whether the projects are eligible. The actual fund grant application will be a couple of months away when the City actually submits the application.

Mr. Johnson stated what we needed to do...also for the program you need to have willing buyers. They don't promote eminent domain so these two parcels are for sale but we have some other legwork on negotiating with the two owners so we would prefer to wait until the summer.

Chairman O'Neil stated so the appropriate thing would be to go on record as supporting the four applications. Bob, is that correct?

Mr. MacKenzie replied it is not required for the other two applications because those are existing projects and the CIP resolution allows us to submit on those. If you wanted to support the Parks & Recreation application, that is fine.

Alderman Lopez asked are we supporting the project. Are we committing \$350,000? That is what I want to know.

Mr. Johnson answered we would go through the same process of getting the eligibility application in and then we would have to do full appraisals. This is just approving the concept of applying for the grant.

On motion of Alderman Lopez, duly seconded by Alderman Clancy, it was voted to approve the request.

Chairman O'Neil addressed Item 8 of the agenda:

Communication from Attorney James E. Morris, representing Mr. and Mrs. Gary Francoeur requesting the City certify that it does not have an interest in portions of paper streets Davenport and Regent Avenues.

Alderman Clancy asked is anybody here regarding this.

Mr. Tim Clougherty stated you have a communication in front of you from Director Frank Thomas stating what the City's position is and what we feel the action from the Board of Mayor and Aldermen should be on this item. Basically, we are recommending...there are two different sections that we are looking at. The first item that Mr. Morris requested the City certify does not have an interest in the paper streets. Prior to 1989 there was no provision that stated that the Board of Mayor and Aldermen had to take an action on a paper street. The street was dedicated in 1923 and it automatically states that 20 years after that the City basically doesn't have any interest in it as a paper street so no action is required by the Board of Mayor and Aldermen on that.

Alderman Clancy asked is anybody paying any taxes on this property right now.

Mr. Clougherty answered no. Not as far as I know.

Alderman Clancy asked why should we give it away.

Mr. Clougherty answered I am not sure that I understand what you are asking.

Alderman Clancy stated well they want to take the land. What do they want to do with it?

Mr. Clougherty replied you would have to ask them what they want to do with it.

Alderman Clancy stated we should receive and file this as far as I am concerned.

Chairman O'Neil replied we don't need to take any action on this part.

Mr. Clougherty stated you don't have to take any action on either part. The second part asks the Board of Mayor and Aldermen to certify the public's interest and it is limited to the paper portion. That is not an item that the Board of Mayor and Aldermen would take action on. We are basically telling the Francouers to petition Superior Court to make that determination.

Alderman Clancy stated maybe it should go to a road hearing.

Mr. Clougherty replied we are saying that a road hearing is not necessary.

Deputy Solicitor Arnold stated I would just like to clarify this a little. Under the statute that was referred to, prior to 1989 if a road had been laid out as a street but

not opened or used by the public, it was automatically discharged from public servitude at the end of 20 years. What this Board typically has done in the past, since a road hearing is not necessary at that point, they will vote to find that the road was discharged according to the statute and that there is no public interest in it. Whether this Committee wants to do that in this situation is up to you, but that is ordinarily what has been done in the past.

Chairman O'Neil asked what would be the proper motion.

Deputy Solicitor Arnold answered an acknowledgement by the Committee that the paper streets referred to have been discharged according to RSA 231:51.

Alderman Lopez moved to find that portions of paper streets Davenport and Regent Avenues have been discharged according to RSA 231:51.

Alderman Clancy stated in the old days this is what they used to do. I will give you a couple of back streets they don't use anymore. There is one on Auburn Street. Auburn Street Back Street North. They abandoned it. So what they really did was they had it assessed, the neighbors had to pick up...each neighbor picked up maybe 12' to 15' which was probably the width of the back street and then they had to pay the City X amount of dollars for that stuff.

Chairman O'Neil replied but this isn't the same situation.

Alderman Clancy responded I know it is not the same thing, but this was a paper street at one time.

Chairman O'Neil asked is this the same situation, Mr. Arnold.

Deputy Solicitor Arnold answered it is hard to say because I am not real familiar with the area that Alderman Clancy is referring to. There are different ways...for instance recently with March Avenue we found that the City owns the fee, the land underneath that street. That does not appear to be the case here. This was merely a paper street. The City did not own the land underneath it. I wouldn't want to give an opinion as to what will happen to the land once the City acknowledges...if we acknowledge that this paper street was discharged according to statute. It could go back to a prior owner. It might be divided down the middle to abutters. It depends on the past history of the land to a certain extent and I certainly don't have the facts at hand to give you an opinion.

Alderman Lopez asked why would our Committee handle this anyway and not Lands and Buildings.

Chairman O'Neil answered this Committee has always handled road hearing matters.

Chairman O'Neil duly seconded the motion. Chairman O'Neil called for a vote. There being none opposed, the motion carried.

Chairman O'Neil addressed Item 9 of the agenda:

Communication from the Deputy Public Works Director requesting that two (2) surplus police cruisers be utilized to replace two Highway vehicles due to age and frequent repairs required.

On motion of Alderman Clancy, duly seconded by Alderman Lopez, it was voted to approve the request.

Chairman O'Neil addressed Item 10 of the agenda:

Communication from the Chief of Police advising of a request from Superintendent O'Mara of the Hillsborough County House of Corrections to assume possession of an old police cruiser (asset #2350008115) for administrative use and occasional transportation of prisoners, and further requesting transferring ownership of vehicle to the County for \$1.00.

Alderman Clancy moved to approve the request. Alderman Lopez duly seconded the motion.

Chief Driscoll stated the MTA has had this vehicle for six months now. It has 109,000 miles on it. Superintendent O'Mara called and asked me if he could have it. I told him I would bring it before the Board. They are going to use it locally.

Chairman O'Neil called for a vote on the motion. There being none opposed, the motion carried.

Chairman O'Neil addressed Item 11 of the agenda:

Communication from the Director of Planning submitting a copy of a contractor's estimate in the amount of \$152,750.00 to make repairs to the Blood Mausoleum.

Alderman Clancy stated I see you have a quote from a guy in Massachusetts, the masonry man. Why did you get him?

Mr. Ludwig replied the fact of the matter is Alderman Clancy that I did not secure those people. Those people were brought in by...

Alderman Clancy interjected Phoenix Baystate Construction Company. We have plenty of guys...

Mr. Ludwig interjected as I said I did not secure them to come in and do this estimate. It was brought in by some of the heirs of the Blood Mausoleum who asked us if this company could come in and take a look at it and we allowed them to do that. We didn't bring this firm in.

Alderman Clancy stated well that is fine but as far as I am concerned, I know that it needs repair but I think you should have that in your budget. You don't have that in your budget do you?

Mr. Ludwig replied no.

Alderman Lopez stated I spoke to the Superintendent on this and I think we ought to table this because there are a lot of factors that he has to get into and find out the real details of this and whether we are responsible for this as a City and we have to go back 100 years. None of us were here so it is going to take a lot of research and I would never just approve \$152,000 without all of that information.

On motion of Alderman Lopez, duly seconded by Alderman Clancy, it was voted to table this item.

Chairman O'Neil addressed Item 12 of the agenda:

Communication from the Director of Planning advising of the YMCA's request of \$2,674.00 for infrastructure repair cost to the asphalt sidewalk leading up to the YMCA entrance on Hampshire Lane.

Mr. MacKenzie stated as you know the Stark Street improvements and the Hampshire Lane alley improvements were made and it came out fairly well. There was a point where there was a sidewalk area that many of the kids used to get to the daycare at the YMCA and they felt that it should be improved. There was a lot of broken up asphalt. Some of that was on City right-of-way, but most of it was private property. At the time the contractor did do that. That was paid for by the YMCA but they are requesting to see whether the City, similar to the 50/50 sidewalk program, would pay half of that. The 50/50 program only does residential. In this case they are asking whether the City can pay half of the cost of those sidewalk improvements.

Alderman Lopez moved to approve the request for \$2,674.

Alderman Clancy stated I know the YMCA doesn't pay any taxes and stuff like that and of course they are not in the Central Business District but that area is. Are we going to start a precedent here if somebody wants this type of a sidewalk and we are going to pay half?

Chairman O'Neil stated Alderman Levasseur just pointed out that we did that with the Chase Building but that was all discussed up front as part of the deal. This was kind of after the fact.

Alderman Levasseur stated we already gave them all of the bonding and money for the Chase Building and they already had the \$1.5 million in Federal funds and then we added that and it made it really nice. Then, the Bond building wasn't even purchased yet. Did you know that a sidewalk was going to be in front of the Bond building?

Chairman O'Neil replied yes I did. The thing was with regards to the Chase building the proposal was made. The sidewalk contract wasn't done until after the Board approved it whereas in this case the work has been done and now they are looking for the money. Do I understand that right, Bob? This work has been completed and they are looking for the money now?

Mr. MacKenzie stated that is correct.

Alderman Lopez withdrew his motion.

Mr. Maranto stated this all occurred basically during the last week of construction when our engineer went to the YMCA to ask if they had any interest in doing that. Had we come back to the Committee, the contractor would have been gone and we would have lost the opportunity to do that. From a perspective of aesthetics, it significantly was different than the new brick pavement put down there. We did indicate to him that we would look for sources, but we could not promise any funding.

Chairman O'Neil asked there was never a promise made that we were going to contribute towards this.

Mr. Maranto answered only a promise that we would look towards funding.

Alderman Clancy asked are we going to start a precedent here by doing sidewalks like this. Am I going to have someone up on Amherst Street like Stan's Paint

saying I need my sidewalks done and I have \$4,000 involved and I am looking for 50% from the City? Are we going to do that?

Mr. MacKenzie answered the City does have a 50/50 sidewalk program.

Alderman Clancy replied I know they do but not for bricks do they.

Mr. MacKenzie stated Post Office Square was done under the 50/50 program. I think part of the area around the former Amoskeag Bank was also done as part of the 50/50 program. That was a combination of concrete and brick.

Chairman O'Neil stated that is a little misleading because 7/8 of it is concrete and not brick.

Alderman Lopez asked did we have any part in asking them to do it.

Mr. Maranto answered I believe the engineer, our superintendent on the job discussed with them whether they wanted to do their own. At that time, they asked what the expense was and they came back and said we would like to do it but would the City assist us. They made comments about us doing other work downtown.

Alderman Clancy stated my contention is they should ask us first, not do the work first.

Mr. Maranto replied again at the time it came up it was the very last week before the contractor was pulling out. We needed to do it or not do it. There would be no opportunity to come back and do it.

Chairman O'Neil asked why was this discussed the last week.

Mr. Maranto answered basically I guess once the brick went down they started to look at it and saw the contrast and it looked terrible. The contrast stood out significantly.

Alderman Clancy moved to approve the request. Alderman Lopez duly seconded the motion. Chairman O'Neil called for a vote. There being none opposed, the motion carried.

Chairman O'Neil stated is the message clear that there will be no more of these because it certainly gives the impression that the City committed to this thing. It is not a great amount of money, but it is a precedent. No more of these. People have to know up front that they are going to pay the entire amount unless, as Alderman

Levasseur pointed out, there is a discussion with the Board ahead of time and there is a vote of the Board to do it.

Chairman O'Neil addressed Item 13 of the agenda:

Communication from the Director of Planning submitting a request for various project extensions, as outlined herein.

On motion of Alderman Clancy, duly seconded by Alderman Lopez, it was voted to approve the request.

Chairman O'Neil addressed Item 13 of the agenda:

Communication from Timothy Clougherty, Facilities Engineer seeking authorization to enter into a contract for construction of the McLaughlin School Addition soon after receipt of bids, which is February 21, 2001, and commitment of funding in the amount of \$3,708,705 anticipated to be funded through the FY2002 CIP process.

Mr. Tim Clougherty stated we came in front of the Board early in December for approval of the project and concept. It was approved at the \$4.34 million mark. We currently have \$706,000 in funding committed and we are looking for the Board to allow us to enter into a contract as soon after receipt of bids as possible so that we can begin the construction process.

Chairman O'Neil asked and that is in order to deliver that for the September 2002 completion.

Mr. Clougherty answered it is more for the September 2001 stages that we have identified for the construction. A portion of the construction is cafeteria addition and in order to complete that for the beginning of school in September of 2001 we need to break ground as soon as possible after the award. If we wait until July or the time that the CIP funding is typically made available, we will have missed the boat.

Chairman O'Neil asked so you have deadlines to meet for this coming September, but the entire project will not be completed until the following September correct.

Mr. Clougherty answered that is correct.

Alderman Clancy asked is Page & Bonnet still going to do this job.

Mr. Clougherty answered they won't be bidding on this project.

Alderman Lopez stated I just want to make sure of one thing. Mr. MacKenzie, the \$4.34 million and now he is requesting \$3,708,705 in the CIP budget. Does that mean that the rest of the money goes into the FY2001 budget?

Mr. MacKenzie replied the money that has been set aside so far, roughly \$700,000 is actually development impact fee money.

Alderman Lopez asked so that has nothing to do with the bond then.

Mr. MacKenzie answered correct.

Alderman Lopez stated just to clear up, the \$4.3 million that we have for school capital improvement has nothing to do with this is that correct.

Mr. MacKenzie replied that is correct.

Alderman Lopez stated so let's take January until now, this has already been approved so to speak. That is almost \$10 million that we are putting into the schools. Am I correct? You have \$6.24 million in FY01 and now we are committing another \$3.7 million. That comes out to about \$10 million. Is that correct?

Mr. MacKenzie answered if you include the school sites, yes, I believe it is about \$10 million.

Alderman Levasseur stated we are doing all of these school CIP projects yet they are a separate district and it comes on the City's bonding capacity not the Schools. Do they have a bonding capacity of their own? I mean they say we are separate but we are not too separate when this is costing all of these other projects to be delayed when they want these things...and I am not saying that in a bad way. I am glad we are going forward with the school projects, but we are not really that separate if this is coming off our bonding capacity. Isn't that correct?

Chairman O'Neil replied well the School District technically doesn't own the buildings. The City of Manchester owns the buildings.

Mr. MacKenzie stated correct. The City owns the buildings. They are put under their jurisdiction and when they are done with them they return them to the City.

Alderman Levasseur asked as far as chargebacks go, the chargeback for the bonding that we pay on an annual basis for interest and whatever principle comes

out of that, is that paid for in a chargeback to the School District or are we still responsible for that also.

Mr. MacKenzie answered that is a chargeback. They actually allocate a portion of their operating budget to pay the debt service.

Alderman Levasseur stated even though we own the schools we still charge them for the chargeback. That doesn't make sense either.

Chairman O'Neil stated in our earlier discussion we seemed to be stuck on that \$7 million and we backed off \$665,000 for West Memorial. In our discussion we backed off \$4.5 million for McLaughlin. Should we have only been backing off \$3.7 million?

Mr. MacKenzie replied that is correct. I didn't want to jump in and ruin the flow, but...

On motion of Alderman Lopez, duly seconded by Alderman Clancy, it was voted to approve the request

Mr. MacKenzie stated to make this actually happen I believe that the Board will have to see the actual contract. This is something that we should confirm with the City Solicitor. This is how it has occurred in the past where the Board has not actually appropriated the bond money but wants the project to proceed, the Board has to actually see the specific contract and approve that specific contract, which then binds them at a future date to pay for it. We will have to see some contract, Tim, at some point and the Board will have to act on that and it should be reviewed by the City Solicitor. I just wanted to make the process clear.

Chairman O'Neil asked is it your recommendation then that he should go out to bid on this thing. That is what he is looking for.

Mr. Clougherty answered no I am not looking to go out to bid. Whether we bid or not that has no obligation to the City. We are bidding on February 21. I am looking for a commitment of the funds.

Alderman Clancy asked what if the bids all come in over that amount. Do you have to rebid?

Mr. Clougherty answered we either look to rebid or we come back for more money, but we are confident with this amount.

Alderman Lopez asked didn't the full Board approve the money. I thought we took it before the full Board, Mr. MacKenzie. We addressed this at the full Board and they agreed to it, am I correct?

Mr. MacKenzie answered you approved the concept of an expansion at McLaughlin. You have not appropriated the actual bond money for that project yet.

Alderman Lopez stated just to clarify something here, by our motion what authority does he have now.

Mr. MacKenzie replied I would suspect that if you passed a motion supporting the process of getting an early commitment that he could finalize the bid and get together a contract and that contract would then have to come to the full Board.

Alderman Lopez asked is that where we are at, Tim.

Mr. Clougherty answered that is exactly what I am looking for. I wasn't aware that we had to bring a contract before the full Board. Are we looking for an executed contract?

Mr. MacKenzie replied it wouldn't be executed until the full Board approved it, but it would be the final proposed contract for the construction.

Alderman Lopez stated I think what you ought to do, Tim, is work with the City Solicitor and Bob MacKenzie to make sure that we do this right. We support the project and whatever legal things you have to do, do them.

Chairman O'Neil asked, Mr. Ludwig, we did that with West Memorial correct. There was a contractor named and all of that, correct?

Mr. Ludwig replied we didn't bring it before the full Board.

Chairman O'Neil asked isn't that the same exact situation.

Mr. MacKenzie answered we will have to see, the Board will still have to see that actual contract to make it all happen. I think they have the contract available, but the full Board has to see that contract.

Chairman O'Neil stated so both departments have to get those documents to the full Board. I just wanted to clarify that.

Mr. Clougherty asked am I bringing it to the CIP Committee or the full Board.

Chairman O'Neil answered to the full Board on both the McLaughlin School and West Memorial Field.

Chairman O'Neil addressed Item 14 of the agenda:

Communication from Timothy Clougherty, Facilities Engineer seeking an alternative, expedited funding method for the Parker Varney School Elevator/ADA Renovations Project.

Alderman Lopez moved to approve the request.

Chairman O'Neil stated if I understand, the lead-time is your biggest concern here on the elevator.

Mr. Clougherty replied that is correct.

Chairman O'Neil asked did you have a problem with that at Webster because of the lead-time.

Mr. Clougherty answered yes. We couldn't get that project completed until December even the way it was scheduled. We are looking to get this done by the beginning of the school year this time.

Alderman Clancy duly seconded the motion.

Mr. Maranto stated we need to identify what the funding would be and I have a recommendation. We presently have a project in the FY2001 CIP entitled Neighborhood Revitalization. That project is basically on hold pending recommendation from the Mayor's Neighborhood Committee. Given that we are in February right now, it is extremely doubtful that anything would be done prior to July 1 and my recommendation would be that we transfer those funds to this particular project and then reallocate those funds on July 1, 2002.

On motion of Alderman Lopez, duly seconded by Alderman Clancy, it was voted to approve the request with the funding come from the Central Business District Revitalization Fund.

Chairman O'Neil asked so this will not have to come back, correct. If this is approved by the full Board, the committee report is approved by the full Board he can go forward and get the elevator. He doesn't have to come back with a contract or anything?

Mr. Maranto answered that is correct.

TABLED ITEMS

14. Ordinance Amendment:

"Amending Section 37.03, "Advisory board" by inserting new language prohibiting persons holding positions within the entity association, or organization designated by the Advisory Board to manage services within the Central Business Service District from serving as members of the Advisory Board."

(Tabled 01/09/01 pending further information from Messrs. MacKenzie and Muller.)

This item remained on the table.

15. Communication from Robert S. MacKenzie submitting information on HOME projects under Manchester Neighborhood Housing Services as requested by the CIP Committee.
(Tabled 11/28/00)

This item remained on the table.

16. Copy of a communication from the Deputy Finance Officer to Alderman Gatsas relative to funding options for Millyard parking facilities.
(Tabled 9/18/00)

This item remained on the table.

17. Communication from the Director of Planning regarding the possible land acquisition of a piece of property on the westerly edge of Wolf Park.
(Tabled 9/18/00)

This item remained on the table.

18. Future Year CIP projects.
(Tabled 8/7/00)

On motion of Alderman Clancy, duly seconded by Alderman Lopez, it was voted to remove Item 18 from the table.

On motion of Alderman Clancy, duly seconded by Alderman Lopez, it was voted to receive and file this item.

Chairman O'Neil stated on Item 5, Bob, we have to get those reports in from the. I have some concern that they are no longer a neighborhood-based group. They closed up shop in the neighborhood and now they are operating just on Elm Street. I hear they are going statewide now and I am very concerned about whether they are leveraging some of our money statewide when we should be putting it back to work in our own community. We need to get them in here as soon as possible. They have to have all of their documentation. It has to be ready and it has to be right. There is no ifs, ands or buts about it.

NEW BUSINESS

CIP Budget Authorizations:

1997	420108	Violence Against Women - Revision #2
1999	831699	City Space Improvements - Revision #1
2001	410201	MHRA Public Housing Community Policing Revision #1

Mr. MacKenzie stated I would like to summarize these three. The first one for City Space Improvements is just to put on start-up what the Board did earlier with Bethel Court. It was agreed that the money geared towards design of the Brown School would be used to purchase Bethel Court. This insures that. Then, there were two police grant items. One was Violence Against Women and the second one is the Community Policing at the MHRA project. These are relatively minor provisions. One is adding \$2,000 and one is extending the authorization date.

Alderman Lopez asked with the Violence Against Women, who does this program, Human Resources.

Mr. MacKenzie answered this is through the Police Department.

On motion of Alderman Clancy, duly seconded by Alderman Lopez, it was voted to approve the CIP budget authorizations.

There being no further business to come before the Committee, on motion of Alderman Lopez, duly seconded by Alderman Clancy, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee